

## CERTIFICATION

I, David J.A. Flowers, certify that:

1. I have reviewed this annual report on Form 10-K of Liberty Media Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements and other financial information included in this annual report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and
  - d) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2007

/s/ DAVID J.A. FLOWERS

David J.A. Flowers

Senior Vice President and Treasurer

## CERTIFICATION

I, Christopher W. Shean, certify that:

1. I have reviewed this annual report on Form 10-K of Liberty Media Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements and other financial information included in this annual report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this annual report based on such evaluation; and
  - d) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 1, 2007

/s/ CHRISTOPHER W. SHEAN

Christopher W. Shean

Senior Vice President and Controller

**Certification**  
**Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**  
**(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)**

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Liberty Media Corporation, a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the period ended December 31, 2006 (the "Form 10-K") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of December 31, 2006 and 2005 and for the three years ended December 31, 2006.

Dated: March 1, 2007

\_\_\_\_\_  
/s/ GREGORY B. MAFFEI  
Gregory B. Maffei  
*Chief Executive Officer and President*

Dated: March 1, 2007

\_\_\_\_\_  
/s/ DAVID J.A. FLOWERS  
David J.A. Flowers  
*Senior Vice President and Treasurer*  
*(Principal Financial Officer)*

Dated: March 1, 2007

\_\_\_\_\_  
/s/ CHRISTOPHER W. SHEAN  
Christopher W. Shean  
*Senior Vice President and Controller*  
*(Principal Accounting Officer)*

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.

## EXHIBIT 99.1

### Unaudited Attributed Financial Information for Tracking Stock Groups

On May 9, 2006, we completed a restructuring and recapitalization pursuant to which we issued two new tracking stocks, one ("Liberty Interactive Stock") intended to reflect the separate performance of our businesses engaged in video and on-line commerce, including our subsidiaries, QVC, Inc., Provide Commerce, Inc. and BuySeasons, Inc. and our interests in IAC/InterActiveCorp and Expedia, Inc., the second ("Liberty Capital Stock") intended to reflect the separate performance of all of our assets and businesses not attributed to the Interactive Group. Each share of our existing Series A and Series B common stock was exchanged for .25 of a share of the same series of Liberty Interactive Stock and .05 of a share of the same series of Liberty Capital Stock.

The following tables present our assets, liabilities, revenue, expenses and cash flows as of and for the years ended December 31, 2006, 2005 and 2004. The tables further present our assets, liabilities, revenue, expenses and cash flows that are attributed to the Interactive Group and the Capital Group, respectively. The financial information should be read in conjunction with our audited financial statements for the years ended December 31, 2006, 2005 and 2004 included in this Annual Report on Form 10-K. The attributed financial information presented in the tables has been prepared assuming the restructuring had been completed as of January 1, 2004.

Notwithstanding the following attribution of assets, liabilities, revenue, expenses and cash flows to the Interactive Group and the Capital Group, the restructuring does not affect the ownership or the respective legal title to our assets or responsibility for our liabilities. We and our subsidiaries each continue to be responsible for our respective liabilities. Holders of Liberty Interactive Stock and Liberty Capital Stock are holders of our common stock and continue to be subject to risks associated with an investment in our company and all of our businesses, assets and liabilities. The issuance of Liberty Interactive Stock and Liberty Capital Stock does not affect the rights of our creditors.

## SUMMARY ATTRIBUTED FINANCIAL DATA

### Interactive Group

	December 31,		
	2006	2005	2004
	(amounts in millions)		
<b>Summary Balance Sheet Data:</b>			
Current assets . . . . .	\$ 2,984	2,729	2,423
Cost investments . . . . .	\$ 2,572	2,084	3,844
Equity investments . . . . .	\$ 1,358	1,229	78
Total assets . . . . .	\$19,820	18,351	18,977
Long-term debt, including current portion . . . . .	\$ 6,383	5,327	6,253
Deferred income tax liabilities, noncurrent . . . . .	\$ 3,115	3,104	3,465
Attributed net assts . . . . .	\$ 8,561	8,231	7,782
	Years ended December 31,		
	2006	2005	2004
	(amounts in millions)		
<b>Summary Operations Data:</b>			
Revenue . . . . .	\$7,326	6,501	5,687
Cost of goods sold . . . . .	(4,565)	(4,112)	(3,594)
Operating expenses . . . . .	(596)	(570)	(497)
Selling, general and administrative expenses(1) . . . . .	(544)	(454)	(411)
Depreciation and amortization . . . . .	(491)	(449)	(437)
Operating income . . . . .	1,130	916	748
Interest expense . . . . .	(417)	(374)	(385)
Other income, net . . . . .	130	29	11
Income tax expense . . . . .	(210)	(225)	(162)
Minority interests in earnings of subsidiaries . . . . .	(35)	(48)	(25)
Earnings before cumulative effect of accounting change . . . . .	598	298	187
Cumulative effect of accounting change, net of taxes . . . . .	(87)	—	—
Net earnings . . . . .	\$ 511	298	187

(1) Includes stock-based compensation of \$59 million, \$52 million and \$39 million for the years ended December 31, 2006, 2005 and 2004, respectively.

## SUMMARY ATTRIBUTED FINANCIAL DATA

### Capital Group

	December 31,		
	2006	2005	2004
	(amounts in millions)		
<b>Summary Balance Sheet Data:</b>			
Current assets . . . . .	\$ 3,776	2,984	2,152
Cost investments . . . . .	\$19,050	16,405	17,990
Equity investments . . . . .	\$ 484	679	706
Total assets . . . . .	\$27,849	23,750	31,320
Long-term debt, including current portion . . . . .	\$ 2,640	2,422	2,323
Deferred income tax liabilities, noncurrent . . . . .	\$ 6,669	5,592	6,280
Attributed net assets . . . . .	\$13,072	10,889	16,804
	Years ended December 31,		
	2006	2005	2004
	(amounts in millions)		
<b>Summary Operations Data:</b>			
Revenue . . . . .	\$1,287	1,145	1,056
Operating expenses . . . . .	(930)	(827)	(663)
Selling, general and administrative expenses(1) . . . . .	(262)	(194)	(285)
Litigation settlement . . . . .	—	—	42
Depreciation and amortization . . . . .	(91)	(96)	(110)
Impairment of long-lived assets . . . . .	(113)	—	—
Operating income (loss) . . . . .	(109)	28	40
Interest expense . . . . .	(263)	(252)	(234)
Realized and unrealized gains (losses) on derivative instruments, net . . . . .	(299)	274	(1,267)
Gain (losses) on dispositions, net . . . . .	607	(401)	1,404
Nontemporary declines in fair value of investments . . . . .	(4)	(449)	(129)
Other income, net . . . . .	213	111	98
Income tax benefit (expense) . . . . .	(42)	351	3
Minority interests in losses (earnings) of subsidiaries . . . . .	8	(3)	3
Earnings (loss) from continuing operations . . . . .	111	(341)	(82)
Earnings (loss) from discontinued operations, net of taxes . . . . .	220	10	(59)
Cumulative effect of accounting change, net of taxes . . . . .	(2)	—	—
Net earnings (loss) . . . . .	\$ 329	(331)	(141)

(1) Includes stock-based compensation of \$8 million, zero and \$59 million for the years ended December 31, 2006, 2005 and 2004, respectively.

# BALANCE SHEET INFORMATION

December 31, 2006

(unaudited)

Assets						
Current assets:						
Cash and cash equivalents	\$ 946	2,153	—	—	3,099	
Trade and other receivables, net	977	299	—	—	1,276	
Inventory, net	831	—	—	—	831	
Derivative instruments (note 2)	12	227	—	—	239	
Current deferred tax assets	159	—	(31)	—	128	
Other current assets	59	585	—	—	644	
Assets of discontinued operations	—	512	—	—	512	
Total current assets	2,984	3,776	(31)	—	6,729	
Investments in available-for-sale securities and other cost investments	2,572	19,050	—	—	21,622	
Long-term derivative instruments (note 2)	2	1,338	—	—	1,340	
Investments in affiliates, accounted for using the equity method	—	—	—	—	1,842	
Property and equipment, net	1,358	484	—	—	1,842	
Goodwill	912	234	—	—	1,146	
Trademarks	5,755	1,833	—	—	7,588	
Intangible assets subject to amortization, net	2,450	21	—	—	2,471	
Other assets, at cost, net of accumulated amortization	31	959	—	—	990	
Total assets	\$19,820	27,849	(31)	—	47,638	
Liabilities and Equity						
Current liabilities:						
Accounts payable	\$ 475	33	—	—	508	
Accrued interest	136	78	—	—	214	
Other accrued liabilities	663	372	—	—	1,035	
Intergroup payable/receivable	81	(81)	—	—	—	
Derivative instruments (note 2)	—	1,484	—	—	1,484	
Current portion of debt (note 3)	11	103	—	(31)	114	
Current deferred tax liabilities	—	31	—	—	—	
Other current liabilities	91	22	—	—	113	
Liabilities of discontinued operations	—	101	—	—	101	
Total current liabilities	1,457	2,143	(31)	—	3,569	
Long-term debt (note 3)	6,372	2,537	—	—	8,909	
Long-term derivative instruments (note 2)	9	1,697	—	—	1,706	
Deferred income tax liabilities (note 6)	3,115	6,669	—	—	9,784	
Other liabilities	210	1,537	—	—	1,747	
Total liabilities	11,163	14,583	(31)	—	25,715	
Minority interests in equity of subsidiaries	96	194	—	—	290	
Equity/Attributed net assets	8,561	13,072	—	—	21,633	
Total liabilities and equity	\$19,820	27,849	(31)	—	47,638	

# BALANCE SHEET INFORMATION

December 31, 2005

(unaudited)

	Attributed (note 1)			
	Interactive Group	Capital Group	Eliminations	Consolidated Liberty
	(amounts in millions)			
<i>Assets</i>				
Current assets:				
Cash and cash equivalents	\$ 945	951	—	1,896
Trade and other receivables, net	837	222	—	1,059
Inventory, net	719	—	—	719
Derivative instruments (note 2)	17	644	—	661
Current deferred tax assets	182	—	(136)	46
Other current assets	29	651	—	680
Assets of discontinued operations	—	516	—	516
Total current assets	2,729	2,984	(136)	5,577
Investments in available-for-sale securities and other cost investments	2,084	16,405	—	18,489
Long-term derivative instruments (note 2)	17	1,106	—	1,123
Investments in affiliates, accounted for using the equity method	1,229	679	—	1,908
Property and equipment, net	746	200	—	946
Goodwill	5,273	1,536	—	6,809
Trademarks	2,385	—	—	2,385
Intangible assets subject to amortization, net	3,867	108	—	3,975
Other assets, at cost, net of accumulated amortization	21	732	—	753
Total assets	\$18,351	23,750	(136)	41,965
<i>Liabilities and Equity</i>				
Current liabilities:				
Accounts payable	\$ 466	26	—	492
Accrued liabilities	681	126	—	807
Intergroup payable/receivable	95	(95)	—	—
Accrued stock-based compensation	—	133	—	133
Derivative instruments (note 2)	12	1,927	—	1,939
Current portion of debt (note 3)	1,377	2	—	1,379
Current deferred tax liabilities	—	296	(136)	160
Other current liabilities	36	284	—	320
Liabilities of discontinued operations	—	114	—	114
Total current liabilities	2,667	2,813	(136)	5,344
Long-term debt (note 3)	3,950	2,420	—	6,370
Long-term derivative instruments (note 2)	—	1,087	—	1,087
Deferred income tax liabilities (note 6)	3,104	5,592	—	8,696
Other liabilities	239	819	—	1,058
Total liabilities	9,960	12,731	(136)	22,555
Minority interests in equity of subsidiaries	160	130	—	290
Equity/Attributed net assets	8,231	10,889	—	19,120
Total liabilities and equity	\$18,351	23,750	(136)	41,965



# STATEMENT OF OPERATIONS AND COMPREHENSIVE EARNINGS INFORMATION

Year ended December 31, 2006

(unaudited)

	Attributed (note 1)		Consolidated Liberty
	Interactive Group	Capital Group	
	(amounts in millions)		
Revenue:			
Net retail sales	\$7,326	—	7,326
Communications and programming services	—	1,287	1,287
	<u>7,326</u>	<u>1,287</u>	<u>8,613</u>
Operating costs and expenses:			
Cost of sales	4,565	—	4,565
Operating	596	930	1,526
Selling, general and administrative (including stock-based compensation of \$59 million and \$8 million for Interactive Group and Capital Group, respectively) (notes 4 and 5)	544	262	806
Depreciation and amortization	<u>491</u>	91	582
Impairment of long-lived assets	—	113	113
	<u>6,196</u>	<u>1,396</u>	<u>7,592</u>
Operating income (loss)	1,130	(109)	1,021
Other income (expense):			
Interest expense	(417)	(263)	(680)
Dividend and interest income	40	174	214
Share of earnings of affiliates, net	47	44	91
Realized and unrealized gains (losses) on financial instruments, net	20	(299)	(279)
Gains on dispositions of assets, net	—	607	607
Nontemporary declines in fair value of investments	—	(4)	(4)
Other, net	23	(5)	18
	<u>(287)</u>	<u>254</u>	<u>(33)</u>
Earnings from continuing operations before income taxes and minority interests	<u>843</u>	145	988
Income tax expense (note 6)	<u>(210)</u>	(42)	(252)
Minority interests in losses (earnings) of subsidiaries	<u>(35)</u>	8	(27)
Earnings from continuing operations	598	111	709
Earnings from discontinued operations, net of taxes	—	220	220
Cumulative effect of accounting change, net of taxes	(87)	(2)	(89)
Net earnings	<u>\$ 511</u>	<u>329</u>	<u>840</u>
Other comprehensive earnings (loss), net of taxes:			
Foreign currency translation adjustments	109	2	111
Unrealized holding gains arising during the period	351	2,254	2,605
Recognition of previously unrealized gains on available-for-sale securities, net	—	(185)	(185)
Other comprehensive earnings	<u>460</u>	<u>2,071</u>	<u>2,531</u>
Comprehensive earnings	<u>\$ 971</u>	<u>2,400</u>	<u>3,371</u>

# STATEMENT OF OPERATIONS AND COMPREHENSIVE EARNINGS INFORMATION

Year ended December 31, 2005

(unaudited)

	Attributed (note 1)		
	Interactive Group	Capital Group	Consolidated Liberty
	(amounts in millions)		
Revenue:			
Net retail sales	\$6,501	—	6,501
Communications and programming services	—	1,145	1,145
	<u>6,501</u>	<u>1,145</u>	<u>7,646</u>
Operating costs and expenses:			
Cost of sales	4,112	—	4,112
Operating	570	827	1,397
Selling, general and administrative (including stock-based compensation of \$52 million and \$0 for Interactive Group and Capital Group, respectively) (notes 4 and 5)	454	194	648
Depreciation and amortization	449	96	545
	<u>5,585</u>	<u>1,117</u>	<u>6,702</u>
Operating income	916	28	944
Other income (expense):			
Interest expense	(374)	(252)	(626)
Dividend and interest income	35	108	143
Share of earnings of affiliates, net	9	4	13
Realized and unrealized gains (losses) on financial instruments, net	(17)	274	257
Gains (losses) on dispositions of assets, net	40	(401)	(361)
Nontemporary declines in fair value of investments	—	(449)	(449)
Other, net	(38)	(1)	(39)
	<u>(345)</u>	<u>(717)</u>	<u>(1,062)</u>
Earnings (loss) from continuing operations before income taxes and minority interests	571	(689)	(118)
Income tax benefit (expense) (note 6)	(225)	351	126
Minority interests in earnings of subsidiaries	(48)	(3)	(51)
Earnings (loss) from continuing operations	298	(341)	(43)
Earnings from discontinued operations, net of taxes	—	10	10
Net earnings (loss)	<u>\$ 298</u>	<u>(331)</u>	<u>(33)</u>
Other comprehensive earnings (loss), net of taxes:			
Foreign currency translation adjustments	(5)	—	(5)
Recognition of previously unrealized foreign currency translation losses	—	312	312
Unrealized holding losses arising during the period	(160)	(961)	(1,121)
Recognition of previously unrealized losses (gains) on available-for-sale securities, net	(13)	230	217
Reclass unrealized gain on available-for-sale security to equity method investment	(197)	—	(197)
Other comprehensive loss from discontinued operations	—	(7)	(7)
Other comprehensive loss	<u>(375)</u>	<u>(426)</u>	<u>(801)</u>
Comprehensive loss	<u>\$ (77)</u>	<u>(757)</u>	<u>(834)</u>

# STATEMENT OF OPERATIONS AND COMPREHENSIVE EARNINGS INFORMATION

Year ended December 31, 2004

(unaudited)

	Attributed (note 1)		
	Interactive Group	Capital Group	Consolidated Liberty
	(amounts in millions)		
Revenue:			
Net retail sales	\$5,687	—	5,687
Communications and programming services	—	1,056	1,056
	<u>5,687</u>	<u>1,056</u>	<u>6,743</u>
Operating costs and expenses:			
Cost of sales	3,594	—	3,594
Operating	497	663	1,160
Selling, general and administrative (including stock-based compensation of \$39 million and \$59 million for Interactive Group and Capital Group, respectively) (notes 4 and 5)	411	285	696
Litigation settlement	—	(42)	(42)
Depreciation and amortization	437	110	547
	<u>4,939</u>	<u>1,016</u>	<u>5,955</u>
Operating income	748	40	788
Other income (expense):			
Interest expense	(385)	(234)	(619)
Dividend and interest income	20	110	130
Share of earnings (losses) of affiliates, net	(3)	18	15
Realized and unrealized losses on derivative instruments, net	(17)	(1,267)	(1,284)
Gains on dispositions, net	7	1,404	1,411
Nontemporary declines in fair value of investments	—	(129)	(129)
Other, net	4	(30)	(26)
	<u>(374)</u>	<u>(128)</u>	<u>(502)</u>
Earnings (loss) from continuing operations before income taxes and minority interest	374	(88)	286
Income tax benefit (expense) (note 6)	(162)	3	(159)
Minority interests in losses (earnings) of subsidiaries	(25)	3	(22)
Earnings (loss) from continuing operations	187	(82)	105
Loss from discontinued operations, net of taxes	—	(59)	(59)
Net earnings (loss)	<u>\$ 187</u>	<u>(141)</u>	<u>46</u>
Other comprehensive earnings (loss), net of taxes:			
Foreign currency translation adjustments	20	—	20
Unrealized holding gains (losses) arising during the period	(517)	2,007	1,490
Recognition of previously unrealized gains on available-for-sale securities, net	—	(486)	(486)
Other comprehensive loss from discontinued operations	—	(54)	(54)
Other comprehensive earnings (loss)	<u>(497)</u>	<u>1,467</u>	<u>970</u>
Comprehensive earnings (loss)	<u>\$ (310)</u>	<u>1,326</u>	<u>1,016</u>

# STATEMENT OF CASH FLOWS INFORMATION

Year ended December 31, 2006

(unaudited)

	Attributed (note 1)		
	Interactive Group	Capital Group	Consolidated Liberty
	(amounts in millions)		
Cash flows from operating activities:			
Net earnings	\$ 511	329	840
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Earnings from discontinued operations	—	(220)	(220)
Cumulative effect of accounting change	87	2	89
Depreciation and amortization	491	91	582
Impairment of long-lived assets	—	113	113
Stock-based compensation	59	8	67
Payments of stock-based compensation	(111)	(4)	(115)
Noncash interest expense	4	104	108
Share of earnings of affiliates, net	(47)	(44)	(91)
Realized and unrealized losses (gains) on financial instruments, net	(20)	299	279
Gains on disposition of assets, net	—	(607)	(607)
Nontemporary declines in fair value of investments	—	4	4
Minority interests in earnings (losses) of subsidiaries	35	(8)	27
Deferred income tax benefit	(262)	(203)	(465)
Other noncash charges (credits), net	(13)	57	44
Changes in operating assets and liabilities, net of the effects of acquisitions:			
Current assets	(219)	(91)	(310)
Payables and other current liabilities	38	622	660
Net cash provided by operating activities	553	452	1,005
Cash flows from investing activities:			
Cash proceeds from dispositions	—	1,322	1,322
Premium proceeds (payments) from origination of derivatives	(5)	64	59
Net proceeds from settlement of derivatives	—	101	101
Cash paid for acquisitions, net of cash acquired	(436)	(440)	(876)
Capital expenditures	(259)	(19)	(278)
Net sales of short term investments	23	264	287
Repurchases of subsidiary common stock	(331)	—	(331)
Other investing activities, net	(8)	(161)	(169)
Net cash provided (used) by investing activities	(1,016)	1,131	115
Cash flows from financing activities:			
Borrowings of debt	3,227	2	3,229
Repayments of debt	(2,188)	(3)	(2,191)
Intergroup cash transfers, net	293	(293)	—
Repurchases of Liberty common stock	(954)	—	(954)
Other financing activities, net	68	(88)	(20)
Net cash provided (used) by financing activities	446	(382)	64
Effect of foreign currency rates on cash	18	—	18
Net cash provided to discontinued operations:			
Cash provided by operating activities	—	62	62
Cash used by investing activities	—	(67)	(67)
Cash provided by financing activities	—	6	6
Change in available cash held by discontinued operations	—	—	—
Net cash provided by discontinued operations	—	1	1
Net increase in cash and cash equivalents	1	1,202	1,203
Cash and cash equivalents at beginning of year	945	951	1,896
Cash and cash equivalents at end of year	\$ 946	2,153	3,099

# STATEMENT OF CASH FLOWS INFORMATION

Year ended December 31, 2005

(unaudited)

	Attributed (note 1)		
	Interactive Group	Capital Group	Consolidated Liberty
	(amounts in millions)		
Cash flows from operating activities:			
Net earnings (loss) . . . . .	\$ 298	(331)	(33)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Earnings from discontinued operations . . . . .	—	(10)	(10)
Depreciation and amortization . . . . .	449	96	545
Stock-based compensation . . . . .	52	—	52
Payments of stock-based compensation . . . . .	—	(103)	(103)
Noncash interest expense . . . . .	3	98	101
Share of earnings of affiliates, net . . . . .	(9)	(4)	(13)
Realized and unrealized losses (gains) on financial instruments, net . . . . .	17	(274)	(257)
Losses (gains) on disposition of assets, net . . . . .	(40)	401	361
Nontemporary declines in fair value of investments . . . . .	—	449	449
Minority interests in earnings of subsidiaries . . . . .	48	3	51
Deferred income tax benefit . . . . .	(188)	(201)	(389)
Other noncash charges, net . . . . .	38	3	41
Changes in operating assets and liabilities, net of the effects of acquisitions:			
Current assets . . . . .	(162)	(13)	(175)
Payables and other current liabilities . . . . .	248	198	446
Net cash provided by operating activities . . . . .	754	312	1,066
Cash flows from investing activities:			
Cash proceeds from dispositions . . . . .	1	48	49
Premium proceeds from origination of derivatives . . . . .	—	473	473
Net proceeds from settlement of derivatives . . . . .	—	461	461
Capital expenditures . . . . .	(153)	(15)	(168)
Net purchases of short term investments . . . . .	—	(85)	(85)
Cash paid for acquisitions, net of cash acquired . . . . .	—	(1)	(1)
Repurchases of subsidiary common stock . . . . .	(85)	(10)	(95)
Other investing activities, net . . . . .	(19)	(12)	(31)
Net cash provided (used) by investing activities . . . . .	(256)	859	603
Cash flows from financing activities:			
Borrowings of debt . . . . .	800	61	861
Repayments of debt . . . . .	(1,734)	(67)	(1,801)
Intergroup cash transfers, net . . . . .	548	(548)	—
Other financing activities, net . . . . .	23	66	89
Net cash used by financing activities . . . . .	(363)	(488)	(851)
Effect of foreign currency rates on cash . . . . .	(45)	—	(45)
Net cash provided to discontinued operations:			
Cash provided by operating activities . . . . .	—	75	75
Cash used by investing activities . . . . .	—	(110)	(110)
Cash provided by financing activities . . . . .	—	11	11
Change in available cash held by discontinued operations . . . . .	—	(177)	(177)
Net cash provided to discontinued operations . . . . .	—	(201)	(201)
Net increase in cash and cash equivalents . . . . .	90	482	572
Cash and cash equivalents at beginning of year . . . . .	855	469	1,324
Cash and cash equivalents at end of year . . . . .	\$ 945	951	1,896

# STATEMENT OF CASH FLOWS INFORMATION

Year ended December 31, 2004

(unaudited)

	Attributed (note 1)		
	Interactive Group	Capital Group	Consolidated Liberty
	(amounts in millions)		
Cash flows from operating activities:			
Net earnings (loss)	\$187	(141)	46
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Loss from discontinued operations	—	59	59
Depreciation and amortization	437	110	547
Stock compensation	39	59	98
Payments of stock compensation	—	(10)	(10)
Noncash interest expense	3	93	96
Share of losses (earnings) of affiliates, net	3	(18)	(15)
Nontemporary decline in fair value of investments	—	129	129
Realized and unrealized losses on derivative instruments, net	17	1,267	1,284
Gains on disposition of assets, net	(7)	(1,404)	(1,411)
Minority interests in earnings (losses) of subsidiaries	25	(3)	22
Deferred income tax benefit	(187)	(7)	(194)
Other noncash charges (credits), net	(4)	24	20
Changes in operating assets and liabilities, net of the effect of acquisitions and dispositions:			
Current assets	(181)	(351)	(532)
Payables and other current liabilities	114	533	647
Net cash provided by operating activities	446	340	786
Cash flows from investing activities:			
Cash proceeds from dispositions	7	472	479
Premium proceeds from origination of derivatives	—	193	193
Net proceeds from settlement of derivatives	—	322	322
Investments in and loans to cost and equity investees	(8)	(952)	(960)
Cash paid for acquisitions, net of cash acquired	(92)	1	(91)
Capital expenditures	(121)	(7)	(128)
Net sales of short term investments	—	263	263
Repurchases of subsidiary common stock	(168)	(3)	(171)
Other investing activities, net	(20)	123	103
Net cash provided (used) by investing activities	(402)	412	10
Cash flows from financing activities:			
Repayments of debt	(961)	(45)	(1,006)
Intergroup cash transfers, net	718	(718)	—
Purchases of Liberty Series A common stock	—	(547)	(547)
Other financing activities, net	87	(59)	28
Net cash used by financing activities	(156)	(1,369)	(1,525)
Effect of foreign currency rates on cash	3	—	3
Net cash provided to discontinued operations:			
Cash provided by operating activities	—	260	260
Cash used by investing activities	—	(289)	(289)
Cash provided by financing activities	—	1,005	1,005
Change in available cash held by discontinued operations	—	(1,839)	(1,839)
Net cash provided to discontinued operations	—	(863)	(863)
Net decrease in cash and cash equivalents	(109)	(1,480)	(1,589)
Cash and cash equivalents at beginning of year	964	1,949	2,913
Cash and cash equivalents at end of year	\$855	469	1,324

**Notes to Attributed Financial Information**  
(unaudited)

- (1) The assets attributed to our Interactive Group as of December 31, 2006 include our 100% interests in QVC, Inc., Provide Commerce, Inc. and BuySeasons, Inc., our ownership interest in IAC/InterActiveCorp, which we account for as an available-for-sale security, and our interests in Expedia and GSI Commerce, Inc., which we account for as equity affiliates. Accordingly, the accompanying attributed financial information for the Interactive Group includes our investments in IAC/InterActiveCorp, Expedia and GSI, as well as the assets, liabilities, revenue, expenses and cash flows of QVC, Provide and BuySeasons. We have also attributed certain of our debt obligations (and related interest expense) to the Interactive Group based upon a number of factors, including the cash flow available to the Interactive Group and its ability to pay debt service and our assessment of the optimal capitalization for the Interactive Group. The specific debt obligations attributed to each of the Interactive Group and the Capital Group are described in note 3 below. In addition, we have allocated certain corporate general and administrative expenses between the Interactive Group and the Capital Group as described in note 4 below.

The Interactive Group focuses on video and on-line commerce businesses. Accordingly, we expect that businesses that we may acquire in the future that we believe are complementary to this strategy will also be attributed to the Interactive Group.

The Capital Group consists of all of our businesses not included in the Interactive Group, including our consolidated subsidiaries Starz Entertainment, LLC, Starz Media, LLC, FUN Technologies, Inc., and TruePosition, Inc., and our cost and equity investments in GSN, LLC, WildBlue Communications, Inc. and others. Accordingly, the accompanying attributed financial information for the Capital Group includes these investments and the assets, liabilities, revenue, expenses and cash flows of these consolidated subsidiaries. In addition, we have attributed to the Capital Group all of our notes and debentures (and related interest expense) that have not been attributed to the Interactive Group. See note 3 below for the debt obligations attributed to the Capital Group.

Any businesses that we may acquire in the future that are not attributed to the Interactive Group will be attributed to the Capital Group.

While we believe the allocation methodology described above is reasonable and fair to each group, we may elect to change the allocation methodology in the future. In the event we elect to transfer assets or businesses from one group to the other, such transfer would be made on a fair value basis and would be accounted for as a short-term loan unless our board of directors determines to account for it as a long-term loan or through an inter-group interest.

- (2) Derivative instruments attributed to the Interactive Group are comprised of total return bond swaps and interest rate swaps that are related to the corporate debt attributed to the Interactive Group.

**Notes to Attributed Financial Information (Continued)**  
(unaudited)

- (3) Debt attributed to the Interactive Group and the Capital Group is comprised of the following:

	December 31, 2006	
	Outstanding principal	Carrying value
	(amounts in millions)	
<b>Interactive Group</b>		
7.875% Senior Notes due 2009	\$ 670	667
7.75% Senior Notes due 2009	234	234
5.7% Senior Notes due 2013	802	800
8.5% Senior Debentures due 2029	500	495
8.25% Senior Debentures due 2030	902	895
QVC bank credit facilities	3,225	3,225
Other subsidiary debt	67	67
Total Interactive Group debt	<u>6,400</u>	<u>6,383</u>
<b>Capital Group</b>		
4% Senior Exchangeable Debentures due 2029	869	254
3.75% Senior Exchangeable Debentures due 2030	810	234
3.5% Senior Exchangeable Debentures due 2031	600	238
3.25% Senior Exchangeable Debentures due 2031	551	119
0.75% Senior Exchangeable Debentures due 2023	1,750	1,637
Subsidiary debt	158	158
Total Capital Group debt	<u>4,738</u>	<u>2,640</u>
<b>Total debt</b>	<u>\$11,138</u>	<u>9,023</u>

- (4) Cash compensation expense for our corporate employees has been allocated between the Interactive Group and the Capital Group based on the estimated percentage of time spent providing services for each group. Stock-based compensation expense for our corporate employees has been allocated between the Interactive Group and the Capital Group based on the compensation derived from the equity awards for the respective tracking stock. Other general and administrative expenses are charged directly to the groups whenever possible and are otherwise allocated based on estimated usage or some other reasonably determined methodology. Amounts allocated from the Capital Group to the Interactive Group for the years ended December 31, 2006, 2005 and 2004 were \$13 million, \$5 million and \$11 million, respectively. While we believe that this allocation method is reasonable and fair to each group, we may elect to change the allocation methodology or percentages used to allocate general and administrative expenses in the future.
- (5) Prior to January 1, 2006, we accounted for compensation expense related to stock options and stock appreciation rights pursuant to the recognition and measurement provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB Opinion No. 25"). Compensation was recognized based upon the percentage of the options that were vested and the difference between the market price of the underlying common stock and the exercise price of the options at the balance sheet date. The following tables illustrate the effect on earnings (loss) from continuing operations if we had applied the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," ("Statement 123") to our options. Compensation expense for SARs and options with tandem SARs



**Notes to Attributed Financial Information (Continued)**  
(unaudited)

is the same under APB Opinion No. 25 and Statement 123. Accordingly, no pro forma adjustment for such awards is included in the following table.

**Interactive Group**

	<b>Years ended December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(amounts in millions)</b>	
Earnings from continuing operations . . . . .	\$298	187
Add stock-based compensation as determined under the intrinsic value method, net of taxes . . . . .	1	1
Deduct stock-based compensation as determined under the fair value method, net of taxes . . . . .	(24)	(21)
Pro forma earnings from continuing operations . . . . .	<u>\$275</u>	<u>167</u>

**Capital Group**

	<b>Years ended December 31,</b>	
	<b>2005</b>	<b>2004</b>
	<b>(amounts in millions)</b>	
Loss from continuing operations . . . . .	\$(341)	(82)
Add stock-based compensation as determined under the intrinsic value method, net of taxes . . . . .	1	1
Deduct stock-based compensation as determined under the fair value method, net of taxes . . . . .	(18)	(20)
Pro forma loss from continuing operations . . . . .	<u>\$(358)</u>	<u>(101)</u>

- (6) We have accounted for income taxes for the Interactive Group and the Capital Group in the accompanying attributed financial information in a manner similar to a stand-alone company basis. To the extent this methodology differs from our tax sharing policy, differences have been reflected in the attributed net assets of the groups.

**Notes to Attributed Financial Information (Continued)**  
**(unaudited)**

The Interactive Group's income tax benefit (expense) consists of:

	Years ended December 31,		
	2006	2005	2004
	(amounts in millions)		
Current:			
Federal .....	\$(305)	(259)	(240)
State and local .....	(57)	(69)	(62)
Foreign .....	(110)	(85)	(47)
	<u>(472)</u>	<u>(413)</u>	<u>(349)</u>
Deferred:			
Federal .....	197	150	137
State and local .....	62	40	42
Foreign .....	3	(2)	8
	<u>262</u>	<u>188</u>	<u>187</u>
Income tax expense .....	<u>\$(210)</u>	<u>(225)</u>	<u>(162)</u>

The Interactive Group's income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 35% as a result of the following:

	Years ended December 31,		
	2006	2005	2004
	(amounts in millions)		
Computed expected tax expense .....	\$(283)	(183)	(122)
Change in estimated foreign and state tax rates .....	132	28	—
State and local income taxes, net of federal income taxes .....	(23)	(25)	(24)
Foreign taxes, net of foreign tax credits .....	(20)	(29)	(6)
Change in valuation allowance affecting tax expense .....	(14)	2	1
Minority interest .....	(12)	(12)	(6)
Disqualifying disposition of incentive stock options not deductible for book purposes .....	14	—	—
Other, net .....	<u>(4)</u>	<u>(6)</u>	<u>(5)</u>
Income tax expense .....	<u>\$(210)</u>	<u>(225)</u>	<u>(162)</u>

**Notes to Attributed Financial Information (Continued)**  
**(unaudited)**

The tax effects of temporary differences that give rise to significant portions of the Interactive Group's deferred tax assets and deferred tax liabilities are presented below:

	<u>December 31,</u>	
	<u>2006</u>	<u>2005</u>
	(amounts in millions)	
Deferred tax assets:		
Net operating and capital loss carryforwards . . . . .	\$ 35	6
Accrued stock compensation . . . . .	23	33
Other future deductible amounts . . . . .	213	160
Deferred tax assets . . . . .	271	199
Valuation allowance . . . . .	(19)	(6)
Net deferred tax assets . . . . .	252	193
Deferred tax liabilities:		
Investments . . . . .	884	618
Intangible assets . . . . .	2,238	2,418
Other . . . . .	86	79
Deferred tax liabilities . . . . .	3,208	3,115
Net deferred tax liabilities . . . . .	<u>\$2,956</u>	<u>2,922</u>

The Capital Group's income tax benefit (expense) consists of:

	<u>Years ended December 31,</u>		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
	(amounts in millions)		
Current:			
Federal . . . . .	\$(208)	159	62
State and local . . . . .	(35)	(6)	1
Foreign . . . . .	(2)	(3)	(67)
	<u>(245)</u>	<u>150</u>	<u>(4)</u>
Deferred:			
Federal . . . . .	165	69	(14)
State and local . . . . .	37	132	21
Foreign . . . . .	1	—	—
	<u>203</u>	<u>201</u>	<u>7</u>
Income tax benefit (expense) . . . . .	<u>\$ (42)</u>	<u>351</u>	<u>3</u>

**Notes to Attributed Financial Information (Continued)**  
(unaudited)

The Capital Group's income tax benefit (expense) differs from the amounts computed by applying the U.S. federal income tax rate of 35% as a result of the following:

	Years ended December 31,		
	2006	2005	2004
	(amounts in millions)		
Computed expected tax benefit (expense) . . . . .	\$(53)	242	30
State and local income taxes, net of federal income taxes . . . . .	(11)	32	20
Foreign taxes . . . . .	—	(2)	(41)
Change in valuation allowance affecting tax expense . . . . .	90	(42)	(4)
Change in estimated foreign and state tax rates . . . . .	(2)	119	2
Impairment of goodwill not deductible for tax purposes . . . . .	(39)	—	—
Disposition of nondeductible goodwill in sales transaction . . . . .	(43)	—	—
Dividends received deduction . . . . .	12	12	—
Other, net . . . . .	4	(10)	(4)
Income tax benefit (expense) . . . . .	<u>\$(42)</u>	<u>351</u>	<u>3</u>

The tax effects of temporary differences that give rise to significant portions of the Capital Group's deferred tax assets and deferred tax liabilities are presented below:

	December 31,	
	2006	2005
	(amounts in millions)	
Deferred tax assets:		
Net operating and capital loss carryforwards . . . . .	\$ 435	507
Accrued stock compensation . . . . .	56	57
Other future deductible amounts . . . . .	272	239
Deferred tax assets . . . . .	763	803
Valuation allowance . . . . .	(74)	(149)
Net deferred tax assets . . . . .	<u>689</u>	<u>654</u>
Deferred tax liabilities:		
Investments . . . . .	6,001	5,430
Intangible assets . . . . .	124	105
Discount on exchangeable debentures . . . . .	981	1,006
Other . . . . .	283	10
Deferred tax liabilities . . . . .	<u>7,389</u>	<u>6,551</u>
Net deferred tax liabilities . . . . .	<u>\$6,700</u>	<u>5,897</u>

- (7) The Liberty Interactive Stock and the Liberty Capital Stock have voting and conversion rights under our amended charter. Following is a summary of those rights. Holders of Series A common stock of each group are entitled to one vote per share, and holders of Series B common stock of each group are entitled to ten votes per share. Holders of Series C common stock of each group, if issued, will be entitled to 1/100th of a vote per share in certain limited cases and will otherwise not be entitled to vote. In general, holders of Series A and Series B common stock vote as a single class. In certain limited circumstances, the board may elect to seek the approval of the holders of

**Notes to Attributed Financial Information (Continued)**  
**(unaudited)**

only Series A and Series B Liberty Interactive Stock or the approval of the holders of only Series A and Series B Liberty Capital Stock.

At the option of the holder, each share of Series B common stock will be convertible into one share of Series A common stock of the same group. At the discretion of our board, Liberty Interactive Stock may be converted into Liberty Capital Stock at any time following the first anniversary of the restructuring. In addition, following certain group dispositions and subject to certain limitations, Liberty Capital Stock may be converted into Liberty Interactive Stock, and Liberty Interactive Stock may be converted into Liberty Capital Stock.

\*\*\* Slip Sheet \*\*\*

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## Meeting Agenda







